

SENATE JOINT RESOLUTION 327

By Johnson

A RESOLUTION relative to a Federally-mandated carbon cap-and-trade system.

WHEREAS, an effort is underway at the Federal level to establish a mandatory carbon cap-and-trade system in the United States, which would be detrimental to the future of this Nation and the people of Tennessee; and

WHEREAS, the possible implementation of a carbon cap-and-trade system has brought to light a number of serious problems and consequences that require this body to take action; and

WHEREAS, cap-and-trade systems would aggravate the price volatility that historically has discouraged investments in less carbon-intensive electricity generation, carbon-reducing energy efficiency, and carbon-replacing renewable energy; and

WHEREAS, cap-and-trade systems discussed to date target only the electricity industry, which accounts for less than 40% of emissions; and

WHEREAS, a carbon cap-and-trade system would not be transparent and would be difficult to understand; such a system's complexity opens it to exploitation by special interests and perverse incentives that could undermine public confidence and undercut its effectiveness; and

WHEREAS, the costs of a cap-and-trade system are likely to become a hidden tax as dollars flow to market participants, lawyers, and consultants and, due to the system's complexity, would take years to develop and implement; and

WHEREAS, published reports by the *New York Times* state that the voluntary cap-and-trade system currently operating has already been criticized for questionable offsets that have produced huge profits, but little environmental benefit; and

WHEREAS, the costs of a cap-and-trade system, both in implementation and the costs incurred as more expensive technologies replace older and less expensive coal-fired combustion, are far more likely to be imposed upon consumers, with less possibility of rebating or tax-shifting; and

WHEREAS, a cap-and-trade system enacted in Europe has proven to be a failure; the European Emissions Trading Scheme allowed European Union members to each develop emissions goals and then pass out credit, but the initial cap was set so high that the polluters fell under it without making any reductions in emissions at all; and

WHEREAS, the enactment of such a plan in the United States would have a drastic impact on consumers' power bills, producing a tremendous volatility that would result in enormous increases from month to month and impact the bottom line of existing businesses, governmental efficiency, and family budgets; and

WHEREAS, the chaos the establishment of a cap-and-trade system would create is not in the best interests of this Nation or the State of Tennessee; now, therefore,

BE IT RESOLVED BY THE SENATE OF THE ONE HUNDRED SIXTH GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, THE HOUSE OF REPRESENTATIVES CONCURRING, that the State of Tennessee will not participate in any Federally-mandated carbon cap-and-trade system and officially opposes the establishment of such a system by the Federal government.

BE IT FURTHER RESOLVED, that the Chief Clerk of the Senate is directed to transmit appropriate copies of this resolution to the President of the United States, the President and the Secretary of the U.S. Senate, the Speaker and the Clerk of the U.S. House of Representatives, and each member of the Tennessee congressional delegation.